

Annual Report

CITY OF LAKE FOREST



Fiscal Year 2009-10

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A Message from the City Manager

It is truly my pleasure to present the City's Fiscal Year 2009-10 Annual Report, which is designed to provide a user-friendly overview of Lake Forest's finances, accomplishments, and future initiatives.

Fiscal Year 2009-10 saw the achievement of several milestones across various projects, despite the economic recession and its impact on local revenues. The City has strategically addressed the challenges of the current economic environment while continuing to deliver quality services to the community.

The City has made significant strides on high priority capital projects such as the Alton Parkway Gap Closure and the Opportunities Study, a comprehensive planning process to re-zone over 800 acres of land to allow for residential uses and facilities such as a sports park and community/civic center. Advancements in the Alton Parkway Gap Closure project included designing the Alton segment (Commercentre Drive to Towne Center Drive) to enable the construction that began in September 2010. As part of the Opportunities Study project, the City exchanged property with the County, preserving open space for the community and acquiring land to respond to the community's desire to expand recreation facilities through an active sports park. Moving forward, the City will focus on design and preliminary construction activities for a Sports Park and Recreation Center, and scoping for a Civic Center in the upcoming year.

Economic development efforts continue to be a major focus for the City. In January 2010, the City launched a new economic development website - www.lakeforestbusiness.com - to promote Lake Forest as a premier location for

businesses. In partnership with the City, the newly established Lake Forest Chamber of Commerce is reaching out to local businesses to further promote business development by offering a range of resources and services to its business members.

On the technology front, the City debuted its new, user-friendly web address (www.lakeforestca.gov), as well as launched Energov, a system that automates the City's permit application and review processes, improving customer service and efficiency. Additionally, the City is reducing energy consumption by replacing existing computers with energy efficient computers and equipment using federal grant funds.

The City continues to place a strong emphasis on public safety. In fact, Lake Forest was the "7th Safest City" in America for cities with a population between 75,000 and 99,999, based on FBI crime rate rankings as reported by CQ Press City Crime Rankings. The City's outstanding safety record, in addition to the quality of schools and access to parks and kid-friendly enrichment, led to Parenting OC magazine recognizing Lake Forest as one of the "Best Family Neighborhoods" in Orange County.

I hope you find the Fiscal Year 2009-10 Annual Report interesting and informative. We look forward to serving you in the future.



Robert C. Dunek
City Manager



City of Lake Forest City Officials Fiscal Year 2009-10

City Council

Peter Herzog, Mayor

Richard Dixon, Mayor Pro Tem

Kathryn McCullough, Council Member

Marcia Rudolph, Council Member

Mark Tettermer, Council Member

City Manager

Robert C. Dunek

City Attorney

Scott C. Smith

Administrative Staff

Gayle Ackerman, Director of Development Services

Elizabeth E. Andrew, Director of Finance/City Treasurer

David Belmer, Assistant City Manager/Deputy Executive
Director of Redevelopment

Mike Boyle, Division Chief - Fire Services

Lt. Doug Doyle, Chief of Police Services

Gary Magill, Director of Community Services

Debra Rose, Deputy City Manager/Director of Management Services

Benjamin Siegel, Assistant to the City Manager

Robert L. Woodings, Director of Public Works/City Engineer

About The City

The City of Lake Forest is an attractive, upscale community located in desirable southern Orange County, California, midway between Los Angeles and San Diego in the area commonly referred to as the Saddleback Valley. Incorporated in 1991, the community has grown via annexations to 78,000 people within 16.6 square miles and is the corporate headquarters of Oakley, Panasonic Avionics, Del Taco, and Ellison among others. Rated the “7th Safest City” in the United States, Lake Forest has achieved a number of significant goals in its 19-year history, repeatedly earning over a 90% approval rating from its residents for its municipal services.

The City’s residents often point to the low crime rate and the sense of community as what they value most about living in Lake Forest. To enhance this sense of community, Lake Forest has focused on renovating and expanding its recreation offerings in recent years to include renovations at Alton, Borrego, Foothill Ranch Community, and Ranchwood Parks, and expanding the Etnies Skatepark of Lake Forest, a private/public partnership that has resulted in an internationally recognized skateboarding and BMX facility. In addition, the Lake Forest Senior Scene, offering leisure services to people ages 50 or better, continues to grow along with the Lake Forest Teen Lounge, an after-school program for middle school

students that provides transportation to City Hall, a study hall, computer lab and activities.

Lake Forest is governed by a five-member city council, elected at large, under the council/manager form of government. The City operates as a “contract city,” utilizing agreements with private firms and other governmental agencies to provide services to the community. Services provided by the City include planning, building permits and inspections, engineering, maintenance of streets, parks, medians, parkways and slopes, water quality, economic development, redevelopment, recreation, animal control, trash collection, police, and related administrative functions. Services provided by other agencies include fire protection, water, sewer, and library.



Fiscal Year 2009-10 Accomplishments

Completed renovation of various parks including Alton, Borrego, Foothill Ranch Community, and Ranchwood Parks.

Coordinated design for various park projects including El Toro, Heroes Snack Bar and Restroom Facility.

Coordinated design for Etnies Skatepark expansion project.

Performed education and outreach to the City's Homeowners Associations, Lake Forest Chamber of Commerce, and businesses on citywide traffic safety and traffic congestion relief.

Held 11th Leadership Academy to foster community involvement and an active citizenry.

Established a Responsible Pet Ownership Program consisting of Lake Forest Pet Day, public education, and a Spay-Neuter Voucher Program.

Held the 5th Annual Community Emergency Preparedness Academy, an 8-week joint effort program between the City, Orange County Sheriff's Department, Orange County Fire Authority, Doctor's Ambulance, and the American Red Cross.

Implemented the Waste Watch Program, which provides training and coordination with Waste Management drivers to report potential criminal activity observed while conducting their duties.

Other capital projects started, continued, or completed:

- Opportunities Study (Sports Park, Recreation Center, Civic Center, Meeting Center)
- Americans with Disabilities Act Wheelchair Access Ramp Improvements
- Traffic Signal Synchronization
- Jeronimo Streetscape
- El Toro Road Streetscape
- Rockfield Streetscape
- Alton Parkway Improvements
- Lake Forest Transportation Mitigation Improvements
- Rancho Parkway Improvements



Heroes Park Snack Bar and Restroom Facility Improvement Project

Awards Received:

2010 Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009

Three MADD awards for over 177 DUI arrests

2010 Municipal Information Systems Association of California Quality IT Practices Award

Fiscal Year 2010-11 Future Initiatives

Continue implementation of the Opportunities Study Phase IV, including but not limited to the design and construction of the Sports Park/Recreation Center and Civic Center projects.

Expedite the completion of the Alton Parkway Gap Closure.

Participate and monitor the County's Master Planning process for future expansion of the Musick Jail facility.

Continue to work with property owners to facilitate continued revitalization of commercial centers and promote business growth and expansion in the Redevelopment Project Area.

Manage and implement the City's water quality/pollution prevention program in compliance with Fourth-Term of the National Pollutant Discharge Elimination System for the Santa Ana and San Diego regions.

Implement an effective traffic enforcement program to ensure the safety of motorists and reduce the number of injury traffic accidents in the City.

Other capital projects:

- Rancho Parkway Improvements
- Americans with Disabilities Act Wheelchair Access Ramp Improvements
- Traffic Signal Synchronization
- Street Resurfacing and Slurry Seal



Alton Parkway Gap Closure Project

Fiscal Year 2009-10 Financial Highlights*

CONDENSED BALANCE SHEET

	Fiscal Year 2009-10	Fiscal Year 2008-09
Assets:		
Cash and Investments	\$109,717,567	\$111,785,615
Other Current Assets	5,404,106	4,971,813
Non-Current Assets	2,454,295	1,138,143
Total Assets	<u>\$117,575,968</u>	<u>\$117,895,571</u>
Liabilities:		
Current Liabilities	\$10,496,231	\$9,138,107
Long Term Liabilities	2,128,295	1,138,143
Total Liabilities	<u>\$12,624,526</u>	<u>\$10,276,250</u>
Equity:		
Reserved and Designated Equity	\$3,645,021	\$2,367,159
Unreserved and Undesignated Equity	101,306,421	105,252,162
Total Equity	<u>\$104,951,442</u>	<u>\$107,619,321</u>
Total Liabilities and Equity	<u>\$117,575,968</u>	<u>\$117,895,571</u>

CONDENSED INCOME STATEMENT

Revenues:		
Taxes	\$ 33,602,398	\$ 35,595,068
Intergovernmental	6,554,126	4,798,406
Investment Income	1,226,620	2,654,323
Other Revenues	2,808,011	2,125,679
Total Revenues	<u>\$ 44,191,155</u>	<u>\$ 45,173,476</u>
Expenses:		
City Department Operating Costs	\$ 35,056,563	\$ 34,752,140
Capital Costs	8,756,989	7,698,639
Debt Service	3,371,482	2,065,597
Total Expenses	<u>\$ 47,185,034</u>	<u>\$ 44,516,376</u>
Increase / (Decrease) In Equity	<u>\$ (2,993,879)</u>	<u>\$ 657,100</u>

* These financial highlights represent a condensed version of the Statement of Revenues, Expenditures and Changes in Fund Balances in the Comprehensive Annual Financial Report (CAFR). The CAFR can be obtained at the City of Lake Forest Finance Department, 25550 Commercentre Drive, Suite 100, Lake Forest, CA 92630.

Financial Trend Analysis

The governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements. The City maintains eighteen individual governmental funds that account for the City's financial activity based on funding sources and the purposes of the funds.

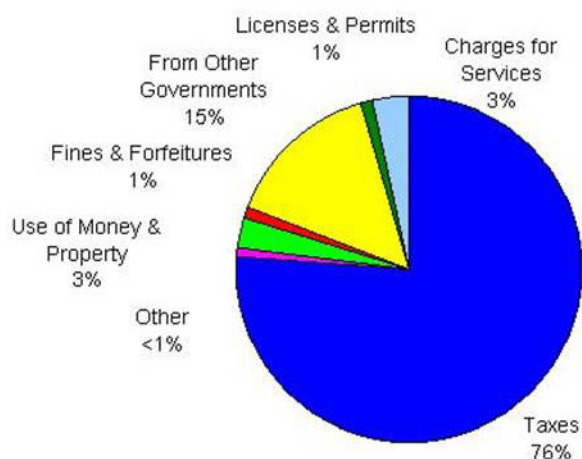
As of the end of the current fiscal year, governmental funds reported combined ending fund equity balances of \$105 million, a decrease of \$2.6 million compared to the prior year. Approximately 49% of this total amount (\$51.7 million) constitutes unreserved and undesignated fund equity balances, which may be available for spending at the government's discretion or within applicable restrictions. The City has reserved or designated \$53.3 million for a variety of purposes, including the reserve policy. The decrease in fund balance was primarily due to costs incurred for ongoing capital projects and a \$1.2 million payment required by the State of California.

Revenues decreased and expenses increased from the prior year as is explained below:

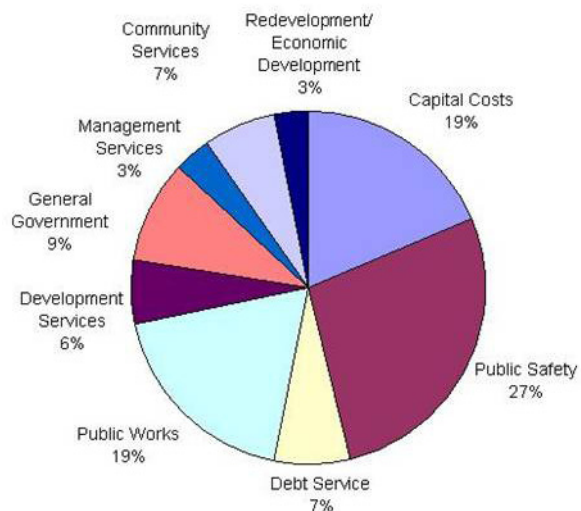
Total revenues were \$44.2 million as compared to prior year revenues of \$45.2 million, a decrease of \$1 million. Declines in taxes, investment income, and other revenues related to the recession were offset by increases in grants for capital projects and park development impact fees. The recession resulted in reduced consumer spending, historically low interest rates, and decreases in real estate activity.

Total expenditures for all City programs were \$47.2 million as compared to prior year costs of \$44.5 million, an increase of \$2.7 million. Overall departmental operating costs were similar to the prior year, increasing only by \$0.3 million. Capital costs increased by \$1.1 million, primarily due to expenditures for the Sports Park and Alton Parkway Gap Closure projects. Debt service expenditures increased by \$1.3 million, mainly due to the Supplemental Educational Revenue Augmentation Fund payment required in Fiscal Year 2009-10 by the State.

Fiscal Year 2009-10 Revenues



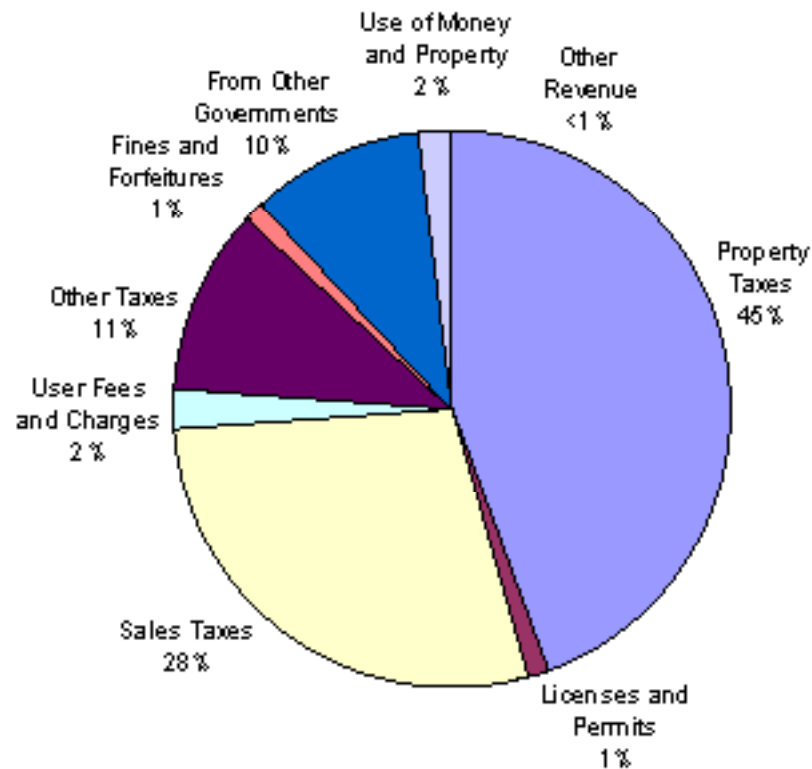
Fiscal Year 2009-10 Expenditures



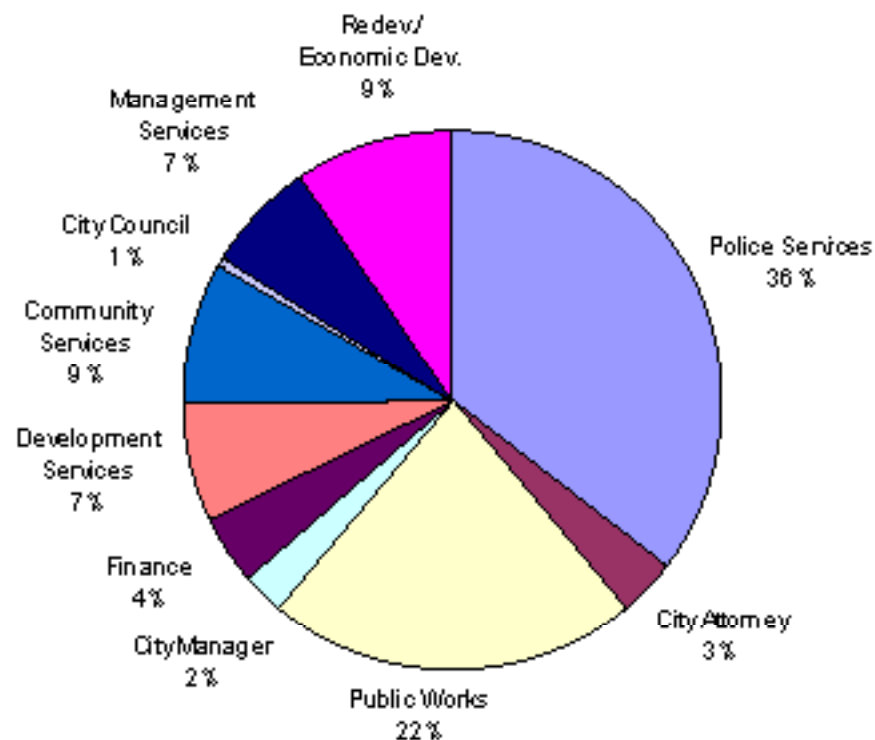
Fiscal Year 2010-11

Lake Forest Budget At A Glance

Where the Money Comes From



How Your Money is Used (by Departments)



Quality of Life/Demographics

Safety

In Fiscal Year 2009-10, Lake Forest was ranked the "7th Safest City" in the U.S. Lake Forest deputies were responsible for 1,229 in-custody arrests and responded to 24,505 calls for service.

The Orange County Fire Authority (OCFA) continued to enhance the fire safety and readiness of the community in the event of an emergency. Utilizing a comprehensive education program, inspections, and area specific response plans, OCFA has taken significant steps in upgrading their ability to respond to incidents in the City.

Economic Health

Lake Forest has a diverse mix of businesses and unemployment rates are currently lower than both the State and County rates.

Top five employers in Lake Forest, based upon number of employees, are:

Oakley
Panasonic Avionics
Black & Decker
Apria Healthcare Group
Wonderware Corporation

Local and Regional Unemployment Rates:

Lake Forest	5.5%
Orange County	8.9%
State	12.3%

Education

School District
Saddleback Valley Unified
School District

Schools
9 Elementary
1 Junior High
1 High School

Recreation

27 Parks on 185.6 acres

The Lake Forest Senior Scene Clubhouse provides a variety of activities and services for seniors including a lunch program, transportation, card playing, board games, monthly tournaments, wellness lectures, exercise classes, computer classes, and arts and crafts. The yearly senior clubhouse attendance was 13,160.

The Teen Lounge offers a variety of after-school activities such as Homework Help, Kitchen Creations, computer classes, craft and art classes, teen tournaments, and other special events.

Housing

Housing rehabilitation loans were made to 24 low and moderate income homeowners for a total valuation of approximately \$372,300.

Funding was provided to non-profit agencies that assisted 6,038 low and moderate income residents.

The exteriors of 7 homes were painted during the Neighborhood Pride Activity.

Median household income:
\$95,107

Technology/Communication

Lake Forest provides various forms of communication with citizens and businesses within the City:

- *The Leaflet* and *Leisure Times* are mailed to all Lake Forest addresses
- The City's eNewsletter is emailed to all subscribers monthly
- *A View From The Arbor* is mailed to all Lake Forest addresses
- The *In Business* newsletter is mailed to Lake Forest businesses
- The City issues press releases at www.lakeforestca.gov/pressreleases
- The City of Lake Forest website can be accessed at www.lakeforestca.gov
- The Economic Development website can be accessed at www.lakeforestbusiness.com

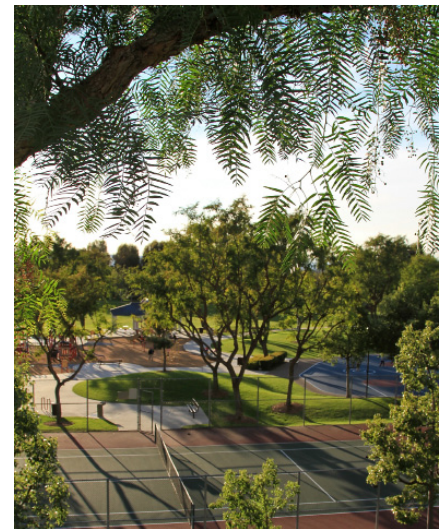
Environment

Water Quality: Lake Forest met all requirements in Fiscal Year 2009-10, including public outreach and industrial and commercial inspections.

Recycling: Through reducing, reusing, and recycling programs, Lake Forest diverted 77% of its trash in 2009 which computes to 4.9 pounds per day.

Ethnic Composition

White	50.8%
Hispanic	21.5%
Asian	11.8%
Black	1.2%
Other	13.9%





City of Lake Forest

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Lake Forest, CA 92630

www.lakeforestca.gov